

# **SMALL BUSINESS LOAN FUND CORPORATION**

## **MINUTES OF THE BOARD OF DIRECTORS**

**October 25, 2012**

### **PUBLIC SESSION**

A monthly meeting of the Board of Directors (the "Board") of the Small Business Loan Fund Corporation (the "Corporation") was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on Thursday, October 25 2012, scheduled for 9:30 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by the By-Laws of the Corporation and by Rhode Island General Law 42-46-6.

The following Directors were present and participated throughout the meeting: Mr. Raymond Fogarty, Mr. William Parsons, and Ms. Yahaira Placencia.

The following Director(s) were absent: Mr. Richard DeMerchant and Mr. Jose Monteiro.

Also present were: Sean Esten, Corporation Administrator, Adam Quinlan, Corporation Administrator, Daniel Price, Corporation Administrator, Stacy Farrell, Corporation Secretary, Christopher Cannata, Corporation Staff, Denise Barge, Corporation Staff and Tom Moses, Esq., Legal Counsel, Moses & Afonso, Ltd.

Mr. Fogarty presided over the meeting.

**1. Call to Order.**

Mr. Fogarty called the meeting to order at 9:47 a.m.

**2. Approval of the Minutes of the Meeting held on September 27, 2012**

The first item to come before the Board was approval of the Minutes of the Board meeting held on September 27, 2012. Upon motion duly made by Mr. Parsons and seconded by Ms. Placencia, the motion to approve the Public Session Minutes and the Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

**3. Maintain the Executive Minutes of the September 27, 2012 meeting as Confidential**

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on September 27, 2012. Upon motion duly made by Ms. Placencia and seconded by Mr. Parsons, the motion to maintain the confidentiality of the Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

**4. Report of Cash Position as of September 30, 2012.**

Mr. Queenan asked if there were any questions or comments regarding the Cash Report for the period ended September 30, 2012 (Exhibit A). There being none, there was no further discussion on this report.

**5. Delinquency Loan Report as of October 19, 2012**

Mr. Esten asked if there were any questions regarding the Loan Delinquency report dated October 19, 2012 (Exhibit B). There being none, there was no further discussion regarding this report.

**6. Allocation of SSBCI Funds**

Mr. Esten reminded the Board that the SBLFC had received \$1.5 million from the State Small Business Credit Initiative ("SSBCI") to date. The first tranche received totaled \$4.1 million and was to be allocated over three partners. The remaining funds went to Slater Technology Fund, \$1.2 million, and BetaSpring, \$1.4 million. To date the SBLFC was only able to deploy \$300,000 of these funds. Under the agreement to receive the full \$13.1 million awarded, the three entities must deploy 80% of the \$4.3 million received in the first tranche in order to request an additional tranche of funds. At the July meeting of the SBLFC, the Board approved the reallocation of \$900,000 in SBLFC funds to Slater in order to help expedite the partner's ability to draw down additional funds. Since the time of this approval there were issues which arose that delayed the transfer of funds to Slater. Mr. Esten asked to provide specifics in Executive Session. Also, it has been revealed that SBLFC is required under its agreement with BetaSpring to provide them with \$600,000 in SSBCI funds on or before November 1, 2012. If this funding did not take place SBLFC could be considered to be in default with its agreement with BetaSpring. Mr. Esten asked that the Board provide \$600,000 to BetaSpring and \$300,000 to Slater in order to stay in compliance with the BetaSpring agreement and continue to move toward drawing the

second tranche of funds. Upon motion duly made by Mr. Parsons and seconded by Ms. Placencia, the motion to reallocate \$600,000 of SSBCI funds to BetaSpring and \$300,000 to Slater was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

## **7. Other Business**

Mr. Queenan presented the Board with a letter of resignation from the Corporation as its Administrator effective December 28, 2012 (Exhibit C) as he intended to retire at this time. The Board thanked Mr. Queenan for his service.

## **Executive Session**

Mr. Fogarty suggested that the Board move into executive session. Upon motion duly made by Mr. Parsons and seconded by Ms. Placencia, the motion to move the meeting into executive session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of Rhode Island, as amended, was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

Public session concluded and executive session began at 10:03 a.m.

## **8. Executive Session Vote Ratification**

Mr. Fogarty called for ratification of the votes adopted during Executive Session. Upon motion duly made by Mr. Parsons and seconded by Ms. Placencia, the following votes were ratified:

- (a) To approve the request of D3 Logic, Inc. for a \$250,000 loan.
- (b) To table the request for debt assumption from Local Hooker Rods until all information relating to this matter was received by the Corporation.

The following Directors voted in favor of the foregoing: Mr. Parsons and Ms. Placencia.

The following Directors voted against the foregoing: None  
The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

It was noted that no declined loan requests were discussed in Executive Session.

**9. Adjournment**

There being no further business to come before the Board, Mr. Fogarty called for a vote to adjourn the meeting. Upon motion duly made by Ms. Placencia and seconded by Mr. Parsons, the motion to adjourn the meeting was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Parsons and Ms. Placencia.

The following Directors voted against the foregoing: None  
The following Directors were absent for the vote: Mr. DeMerchant and Mr. Monteiro.

The meeting was adjourned at 10:30 a.m.

Respectfully submitted,

/s/ Stacy Farrell  
Stacy Farrell, Secretary